

UK Introduces Sanctions End-Use Controls

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Executive Summary

- **What’s new:** The UK government has introduced sanctions end-use controls, a new licensing requirement for exporters where there is a high risk of exports being diverted to a territory subject to UK trade sanctions. The regulations come into force on 13 May 2026.
- **Why it matters:** The change is primarily driven by the risk of circumvention of UK sanctions through third countries. Breaches of the end-use control licensing requirement could result in monetary penalties, criminal prosecution and other enforcement action.
- **What to do next:** Exporters should consider reviewing and strengthening due diligence processes for exports to third countries with known diversion risks, especially those flagged in the UK government’s Russia evasion guidance.

On 22 April 2026, the UK government laid before Parliament the [Sanctions \(EU Exit\) \(Miscellaneous Amendments\) Regulations 2026](#) (Regulations), a statutory instrument which makes a number of changes to the UK’s sanctions framework. The Regulations will come into force on 13 May 2026.

Among the changes is the introduction of new restrictions designed to target the circumvention of trade sanctions. This includes sanctions end-use controls (SEUC), a licensing requirement for exporters which can be used where the UK government considers there is a high risk of exports being diverted to a territory subject to UK trade sanctions and/or a person connected with that territory.

Concurrently, the UK’s Department for Business & Trade (DBT) and its Office of Trade Sanctions Implementation (OTSI) have published [guidance for businesses](#) on SEUCs (Guidance).

Below, we summarise the key changes to be introduced by the Regulations and provide an overview of the Guidance on SEUCs.

Upcoming Changes to UK Sanctions Framework

The key amendments introduced by the Regulations include:

- **New end-use controls on exports.** The Regulations add a prohibition on exporting certain restricted goods or transferring related technology to non-sanctioned third countries where DBT has informed the exporter of a risk of diversion to a territory subject to trade sanctions or a person “connected” with the territory.¹
 - Exporters will be required to obtain a licence in these circumstances, and failure to do so will constitute an offence.

¹ A person is regarded as “connected” with a sanctioned jurisdiction if such person is an individual who is (i) ordinarily resident in or (ii) located in a sanctioned jurisdiction, or is a person other than an individual who is (iii) incorporated or constituted under the laws of a sanctioned jurisdiction, or (iv) domiciled in a sanctioned jurisdiction.

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- This measure applies across all UK trade sanctions regimes and is primarily driven by the risk of circumvention of the UK’s sanctions on Russia.² We consider this measure in further detail below.
- **Broadening the prior obligations licensing ground.** The Regulations widen the licensing ground for satisfying pre-designation obligations of designated persons (*i.e.*, prior obligations), which enables payments or transfers to satisfy obligations that arose before a person was designated.
 - Previously, such obligations had to be met using a designated person’s frozen funds and generally only where that person personally owed the obligation. Under the amended provisions, for the UK’s autonomous (*i.e.*, non-United Nations) sanctions regimes, prior obligations may now be met using any funds and discharged by any person (including owned or controlled entities), while more limited changes are made to nonautonomous (*i.e.*, UN-based) regimes to ensure conformity with the relevant UN Security Council resolution.
 - The prior obligations licensing grounds have been removed from the UK’s sanctions on Afghanistan, in line with relevant UN obligations.
- **Relevant firms reporting thresholds.** Since 14 May 2025, “high value dealers” and “art market participants” have been considered “relevant firms” for the purposes of UK sanctions reporting obligations. Currently, “high value dealers” and “art market participants” are considered “relevant firms” in respect of transactions of €10,000 or more. In order to align with forthcoming changes to the UK’s money laundering regulations, the Regulations will amend the definitions of “high value dealer” and “art market participant” to replace the euro-denominated thresholds (€10,000) with pounds sterling (£10,000).
- **HM Treasury debt exception.** The Regulations clarify that the exception³ for payments in respect of Treasury debt applies to all transfers of funds within the payment chain, not just obligations owed “by the Treasury,” resolving ambiguity about

whether nondesignated persons transferring such funds to a designated person at the end of the chain were covered.

- **Electronic notices for licences.** The “Notices” provisions across regimes have been amended by the Regulations, to confirm that licensing notices may be issued electronically without requiring the recipient’s prior consent.

Sanctions End-Use Controls

SEUCs are a new licensing requirement for exporters where the exporter is informed by DBT (or one of its agencies) that there is a high risk that the goods and/or related technology may be diverted to a territory subject to trade sanctions or person “connected” with the territory.

SEUCs are not a blanket licensing requirement; the government will officially “inform” an exporter if such a licence is required.

Background and Scope

These controls build upon the existing prohibitions that make it an offence to export, supply or make available certain restricted goods and technology to a territory subject to trade sanctions (either directly or indirectly). The controls will only apply, on a case-by-case basis, to goods — or technology related to the export of a good — that are not otherwise subject to strategic export controls (*i.e.*, goods or technology not on the UK’s strategic control lists for military and dual-use items).

The controls will only apply across 11 of the UK’s trade sanctions regimes, where restrictions extend beyond arms embargoes:

- Belarus
- Iran
- Iran (Nuclear)
- Libya
- Myanmar
- North Korea
- Russia (and non-government-controlled territories of Ukraine)
- Somalia
- Syria
- Venezuela
- Zimbabwe

The Guidance notes that the highest risks identified by the government relate to circumvention of the UK’s Russia sanctions regime. The UK government’s [Russia evasion guidance](#) includes a nonexhaustive list of third countries which pose a higher risk of diversion and for which exporters should consider conducting enhanced due diligence:

² This client alert is for informational purposes only and does not constitute legal advice. Complex assessments often have to be made regarding which sanctions regime applies in any given instance, given the multinational touchpoints of many entities and individuals. In that regard, given the complex and dynamic nature of these sanctions regimes, there may be developments not captured in this summary. Additionally, while the summary was accurate when written, it may become inaccurate over time given developments. For all of these reasons, you should consult with a qualified attorney before making any judgments relating to sanctions, as there are potentially severe consequences for failing to adhere fully to sanctions restrictions.

³ This applies to the Central African Republic, Haiti, Iran (Nuclear), Libya, South Sudan and Yemen sanctions regulations.

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- Armenia
- China (including Hong Kong and Macau)
- India
- Israel
- Kazakhstan
- Kyrgyzstan
- Malaysia
- Serbia
- Thailand
- Turkey
- United Arab Emirates
- Uzbekistan
- Vietnam

Process

Once the government “informs” an exporter that their goods or related technologies may be at risk of diversion to a sanctioned person or territory subject to sanctions, it will be a criminal offence to export such items without first obtaining an appropriate licence. Exporters will therefore be notified if the government deems a licence is necessary.

The Guidance explains that exporters may be informed through HM Revenue & Customs’ (HMRC) national clearance hub, or through direct contact with OTSI.

OTSI is currently not accepting advance SEUC licence applications; exporters should therefore wait to be informed before applying for a licence.

In circumstances where goods have already been intercepted at the border, HMRC may either detain them while a licensing decision is made, or allow them to be returned to the exporter pending the outcome of an application.

Licensing Process

DBT will assess applications on a case-by-case basis, working closely with other government departments as needed. Factors that may be considered include:

- The nature of the good or related technology and its potential uses.
- The diversion risks associated with the customer, route or end-user.
- The exporter’s compliance history and due diligence processes.
- Any additional intelligence available to the UK government.

The licence will either be granted, with the export allowed to proceed subject to any licensing conditions, or refused, in which case the goods or technologies may not be exported to the

end-user or route identified. Exporters are encouraged to submit detailed, complete and accurate applications as early as possible after receiving a notification from DBT about the risk of diversion.

Penalties

Possible consequences of breaching an SEUC licensing requirement include:

- Detention or seizure of goods by HMRC at the border.
- Revocation or refusal of existing and future export licences.
- Being publicly identified under OTSI’s powers to name companies that breach sanctions.
- A report about the breach being published by OTSI.
- OTSI imposing a monetary penalty.
- Criminal investigation and potential prosecution.

The Guidance notes that, in some circumstances, monetary penalties may be imposed on a strict liability basis, meaning a penalty can be imposed even where the person did not know or have reasonable cause to suspect that they were in breach of sanctions.

Key Takeaways

The SEUC licensing regime will come into force along with the wider amended Regulations on 13 May 2026, ahead of which organisations should consider the following:

- Exporters should consider reviewing and strengthening due diligence processes for exports to third countries with known diversion risks, especially those flagged in the government’s [Russia evasion guidance](#) (as set out above) and the [Common High Priority Items List](#). If an organisation is informed, they may be asked to supply details of their due diligence, and a licence for export will be granted if it can satisfactorily demonstrate that their goods are not ultimately destined for a territory subject to UK sanctions and/or a person connected with such a territory.
- Where an exporter has reason to believe the goods are ultimately intended for a territory subject to UK sanctions and/or a person connected with that territory, they should not proceed with the transaction until they have undertaken further due diligence and obtained legal advice. Both direct and indirect supply are prohibited under the UK’s sanctions regulations.

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